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Ontario Teachers' Pension Plan Board  
Conseil du régime de retraite des enseignantes et des enseignants

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## Your Pension Increase – 2.1% For 1993

Your annual pension increase, as measured by the Consumer Price Index, is 2.1% starting in January 1993.

If you retired in 1992, your increase will be prorated depending on the number of months since you retired. For example, if you retired on June 30, your escalation starting in January 1993 will be 1.05% (one-half of 12 months).

### T4As coming in January

Last year, we sent your pension escalation statement, along with your T4A, in early January. This was the first time we had ever sent the T4A and escalation statement, now called “Your Pension Inflation Adjustment Statement”, in one package.

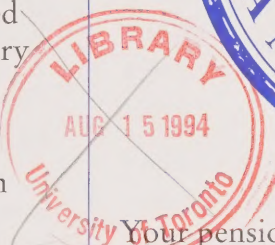
Once again, we will send the T4A and inflation adjustment statement together—you should receive them by the end of January. We hope this will still give you plenty of time to prepare your tax return for 1992.

### Different tax amount

If you live outside of Ontario, you may notice a change in the amount of tax taken off your pension in 1993.

Previously, tax deductions were based on Ontario rates only. Therefore, if you were living outside of the province, you were still being taxed based on Ontario's rates.

Beginning in 1993, the amount of tax taken off your pension will be based on your current address. Your pension inflation adjustment statement will show the amount of tax to be deducted each month.



Your pension plan is 75 years old! Since its creation in 1917, the teachers' pension plan has grown into the largest single pension plan in Canada investing in the open market.

From an initial membership of 13,000, your pension plan now has over 200,000 members and assets close to \$27 billion! Like its membership, the pension plan itself has changed and grown over the past 75 years.

Turn to page 6 for a look at the early years and a comparison of the plan as it was in 1917 and as it exists today.

### What's Inside...

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## Retirement Adventure – Cycling In The Netherlands

We'd like to start this new column by featuring a story from John (Jetze) and Betty de Boer. John, 74, retired in 1982 from teaching in Deep River, Ontario. After retirement, John and Betty moved to Cobble Hill, British Columbia.

*Here's their story.*

### Riding through retirement

"Our story is about travelling, if not to an exotic country, yet to a far away one, as we had to start from Vancouver Island.

In May, 1984, we cycled 23 days in The Netherlands and in spite of cool weather and lots of rain, we enjoyed the experience so much that we decided to do it once more, this past September.

The weather, except for some strong headwinds, was perfect this time. The Netherlands is a paradise for cyclists young and old because everywhere we went we found well-paved, clearly-marked bike paths. Whenever we were in doubt whether to turn left or right, we always happened to find an English-speaking Dutch citizen who was glad to help us.

With the exception of spending some extra time in the province of Friesland, in the old city of Maastricht, and at the Floriade (the flower and garden exhibition at the Hague),



You sure told us!  
Thanks for your overwhelming response.

Last issue, we asked you to tell us about interesting or exciting things you've done since you

retired—our idea was to start a column featuring stories from our readers. From volunteer work, to travelling, to new careers, it sounds like many of you are as busy as you were when you were teaching!



*Betty and John de Boer—riding through the dunes along the North Sea coast.*

we had no pre-arranged itinerary. Yet after a daily tour of about 40 kilometers, we easily found accommodation either in a youth hostel or moderately priced hotel.

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*"Cycling provides a unique way to enjoy nature and close contact with people."*

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Along the road, as well as in hostels and hotels, we met and talked with Poles, Germans, Englishmen, Australians, Americans, Canadians and countless Dutch people. It all greatly enriched our biking experience.

Focussing on some highlights, we think that nobody cycling in the Netherlands should miss the route along the Maas River and the Wilhelmina Canal in the province of Limburg and North Brabant, and the route through the dunes along the North Sea from Kijkduin to Ymuiden in the provinces of South and North Holland."

*Thank you for your story John. Remember, if you have an interesting retirement story that you'd like to share with us, please write it down and send it to us at the address on the back of this newsletter.*



## Tips For Travellers

With the winter season upon us, many of you may be packing your bags and heading outside of Ontario. Before you leave, please remember the following.

As you may already know, changes have been made to health insurance coverage for Ontario residents while they are outside of the province. To retain your medical coverage under the Ontario Health Insurance Plan (OHIP), you must have a permanent residence in Ontario and be in it for any six months out of every 12. Under the old rules, you had to be at your permanent residence for four consecutive months to retain OHIP coverage.

If you plan to be out of Ontario for more than six months, you should do the following.

- ✎ Notify the Ministry of Health well in advance of your trip and request approval for an extended leave.
- ✎ Inform them when you expect to leave, when you intend to return and why you will be away.

The ministry may approve your absence for an extended vacation, or on health and compassionate grounds. In addition, they may also grant absences past the six-month limit for people leaving Ontario to go to school or work. If you're away longer than six months and haven't received approval from the ministry, they may cancel your health card before you get back.

### Additional coverage

In addition, make sure you have additional health insurance coverage, including hospitalization. OHIP only pays a maximum of \$400 per day for out-of-Canada hospital stays. Even though Florida may be the number-one destination for Canadian travellers, it may also



be one of the most expensive places in the world to get sick. Both OTIP and STO offer extended medical coverage.

Check with your present plan to see how long you're covered outside of Ontario and Canada.

Many insurance companies, travel agents and banks offer travel insurance. Be sure to carefully investigate your options *before you leave* to ensure you're adequately covered while you're away.

### Some More Medical Tips

- + Take all the medication you will need for your time away.
- + Write down or discuss your medication schedule with your travelling companion.
- + Leave medications in their original bottles. When you go through customs, officials may take unidentified bottles from you.
- + Keep your health card, health insurance information and medications in a place where you can get them quickly and easily.

Have a safe trip!



### Did You Know?

- ✎ There are currently 23 people over the age of 100 on pension!
- ✎ Approximately 950 people in their 90s are on pension.
- ✎ Approximately 6,500 pensioners are in their 80s.



## Our Response To The OIF

Earlier this year, the province announced its plans to set up an investment fund designed to inject money into Ontario companies. It was suggested that Ontario's five major public pension plans contribute, on a *voluntary* basis, five per cent of their annual cash flow to the Ontario Investment Fund (OIF).

In September, we officially announced that we will not participate in the proposed OIF.

"As part of our fiduciary responsibility we insist on either doing our own research on potential investments or relying on experienced and specialized partners with proven track records. It would be redundant for us to go through another level of management, such as the OIF, to make these investments," said Claude Lamoureux, president and chief executive officer of the pension plan board.

Mr. Lamoureux also pointed out that Ontario public sector pension plans are already investing in private companies and the Canadian venture capital industry currently invests approximately \$300 million annually.

The province has yet to announce its future plans for the OIF.

*Please remember—your pension cannot be affected by the current or future performance of the fund.*

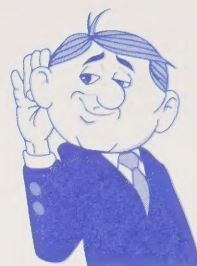
### Value of Fund (September 30, 1992)

\$ (billion)



Invested in open market

## We're Listening



Our commitment to provide quality service to you is an ongoing one. In our last issue, we told you about our market research and some of the improvements we made as a result of our findings.

In addition to some of the changes mentioned last issue (i.e. faster survivor pensions), we have recently introduced new technology which has helped us improve in other areas.

### Change bank accounts faster

It doesn't take us as long to change your banking information. If you want to change the bank account into which your pension is deposited, the waiting period has been reduced from six to two weeks before a payday.

### Change personal information immediately

Customer service specialists (CSS), previously called client services representatives, can now change personal information, such as your address, immediately. For example, if you call a CSS with a change, they can make the change while they are talking to you. In addition, the system will automatically produce a letter for you confirming the change has been made.

These are just some of the ways we have improved our service to you over the past few months. Because our clients are our number-one priority, we will continue to look for ways to meet and exceed your expectations.

## Thanks STO!

We would like to thank the Superannuated Teachers of Ontario (STO) for their help in organizing the focus group portion of our market research. Special thanks to the 12 districts who offered their last-minute assistance. In our next issue we will feature an article on STO and describe its work on your behalf.



## CPP—How It Affects Your TPP Pension At Age 65

As you know, the Canada Pension Plan (CPP) and the Teachers' Pension Plan (TPP) are integrated. This means while you were teaching, you contributed to both the TPP and CPP. Your TPP contribution rate was reduced to partially offset the amount you paid to CPP.

If you are under the age of 65, you may be wondering what will happen to your pension when you turn 65.

### CPP pension before age 65

For some of you, the thought of waiting until you're 65 for your CPP pension may not be appealing—you may prefer to have the money while you're younger. If you're one of these people, you may choose to take your CPP pension as early as age 60. Even though the amount you receive monthly from CPP will be reduced, your CPP pension is indexed so it will increase each year based on inflation rates. If you choose to take a CPP pension before 65, *your TPP pension will not be affected until age 65.*

You may also choose to take your CPP pension as late as age 70. For each year you are under or over 65, the income you would receive at age 65 is adjusted by an annual factor of six per cent. For example, if your CPP pension at age 65 would be \$5,000 and you choose to take it at age 61, your annual CPP pension would be \$3,800 ( $\$5,000 \times .76$ ), plus inflation.

### CPP and TPP at age 65

When you retire, we calculate the amount your TPP pension will be reduced to allow for CPP integration at age 65 and pay you this amount as a portion of your total pension (we call it a "bridge" benefit).

Once you turn 65, your TPP pension will be reduced by this amount. The amount of the reduction will be the same regardless of when you decide to take your CPP pension—the reduction is based on your credited service in the plan.

In most cases, the combined pensions from the TPP and CPP after you turn 65 will be equal to or greater than the pension you were receiving from us before 65.

### Disability pensions

If you took a disability pension from CPP, your TPP pension was reduced immediately.

### Estimates

If you want to compare the costs of taking an early CPP pension before you're 65, please contact your local Health and Welfare Canada office for an estimate.

Deciding whether or not to take an early CPP pension is a personal decision—one for you to consider and investigate closely.

## Comparisons

*A. Lee retired at the age of 61 and will wait until age 65 for the CPP pension.*

	61	65
TPP Pension	\$21,152.50*	\$21,152.50*
TPP Bridge	\$4,847.50	—
CPP Pension	—	\$5,516.00*
<b>Total</b>	<b>\$26,000.00*</b>	<b>\$26,668.50*</b>

\* Plus annual cost-of-living increases

*B. Lee retired at the age of 61 and chose to take the CPP pension early.*

	61	65
TPP Pension	\$21,152.50*	\$21,152.50*
TPP Bridge	\$4,847.50	—
CPP Pension	\$4,192.16*	\$4,192.16*
<b>Total</b>	<b>\$30,192.16*</b>	<b>\$25,344.66*</b>

\* Plus annual cost-of-living increases







## It's Our 75th Anniversary!

### The early years

In 1901, a committee representing teachers began negotiations with the government to create a pension plan for all teachers in Ontario.

After years of frustrating negotiations with no results, more than 2,500 angry teachers marched at Queen's Park on March 9, 1917. On April 12, just one month later, legislation was passed and the plan was created.

Below are just a few comparisons of the plan as it was then and as it is now.

### In 1917...

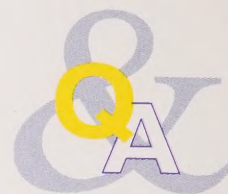
- contribution rate was 2.5% and matched by government
- pension formula—credited service x 1.66% of "best 10" years salary
- could retire at age 60
- maximum pension was \$1,000 per year
- no cost-of-living increase for pensions
- no survivor benefits
- plan assets invested only in Ontario non-marketable debentures

### In 1992...

- contribution rate is 8.9% and matched by government
- pension formula—credited service x 2% of "best 5" years salary
- can retire early with 90 factor
- cost-of-living increase for pensions
- 50 – 75% survivor pension to spouse
- plan assets invested in open market in addition to debentures

As you can see, your pension plan has come a long way since its beginning. It will continue to grow, change and most importantly, provide teachers with pensions for years to come.

## You Asked Us



**Q.** *Can I increase the amount of tax taken off my pension?*

**A.** Yes. There are two ways you can request to have more tax taken off your pension.

1. *TD1 Form*—Get a TD1 form, complete Section 18, and return the form to us.
2. *Letter*—Write us a letter saying you would like to increase the amount of tax taken off your pension. Remember to include your social insurance number in your letter.

You can either indicate a dollar amount per month or the percentage of your gross pension you would like deducted.

*Do you have a question you'd like to ask us? If you do, please write it down and send it to us.*

## Pension News

Linda Keon, Editor

*Pension News* is published twice a year for pensioners by the Communications Department of the Ontario Teachers' Pension Plan Board. If you have any comments or ideas, call me at extension 5357 or write to:

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